

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:	§	
	§	
JL TEXAS PALLETS & LOGISTICS LLC	§	CASE NO. 24-30802
	§	
Debtor	§	CHAPTER 11

**DEBTOR’S EMERGENCY MOTION FOR ENTRY OF AN ORDER AUTHORIZING
PAYMENT OF PRE-PETITION WAGES IN THE ORDINARY COURSE OF BUSINESS**

THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.

EMERGENCY RELIEF HAS BEEN REQUESTED. IF THE COURT CONSIDERS THE MOTION ON AN EMERGENCY BASIS, THEN YOU WILL HAVE LESS THAN 21 DAYS TO ANSWER. IF YOU OBJECT TO THE REQUESTED RELIEF OR IF YOU BELIEVE THAT THE EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU SHOULD FILE AN IMMEDIATE RESPONSE.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

COMES NOW, JL Texas Pallets & Logistics LLC (the “Debtor”), and hereby moves this Court for entry of an order pursuant to 11 U.S.C. §§105(a), 363 and 507(a)(4)-(5) (the “Bankruptcy Code”) authorizing payment of prepetition wages (the “Motion”) in the ordinary course of business, and respectfully represent as follows:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This action is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

II. FACTUAL BACKGROUND

2. On February 28, 2024 ("Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101-1532 ("Bankruptcy Code").

3. The Debtor continues to manage and operate its pallet manufacturing business as Debtor-In-Possession pursuant to §§1107 and 1108 of the Bankruptcy Code.

4. The Debtor employs employees to perform the daily functions of the business. Debtor pays wages and withholds taxes for its W-2 employees.

5. Debtor JL Texas Pallets & Logistics LLC owes pre-petition wages to its employees. Debtor pays wages each Friday for the pay period ending the preceding Wednesday. Therefore, the Debtor will need to pay its employees on Friday, March 1, 2024 for the period ending Wednesday, February 28, 2024.

6. Debtor JL Texas Pallets & Logistics LLC has twelve (12) employees owed pre-petition wages. The total amount of prepetition wages, including withholdings, that needs to be paid for the for the pay period of Thursday, February 22, 2024 through Wednesday, February 28, 2024 pay period is \$9,067.05 gross. *See attached Exhibit A.*

7. If the employees remain unpaid and are required (individually) to file claims, they will suffer great hardship and will likely terminate their relationship with the Debtor, causing unnecessary harm to the Debtor.

8. All wages being paid are within the priority wage cap under 11 U.S.C. §507(a)(4).

III. RELIEF SOUGHT

9. The Debtor seeks an order of the Court authorizing payment in the ordinary course of business of certain pre-petition compensation owed to its employees.

10. The Debtor incurs payment obligations to its employees for the performance of their services in the ordinary course of business.

11. The Debtor requests authority to pay accrued compensation for services performed by the employees as of the Petition Date. As of the Petition Date, accrued and unpaid compensation totals to approximately \$9,067.05

12. All of the employees that Debtor proposes to pay will have a priority claim for unpaid services rendered under §507(a)(4)(B) of the Bankruptcy Code. The Debtor has, or will have, sufficient funds on deposit to satisfy all the pre-petition Employee Obligations so that the banks will not be prejudiced by any order directing them to honor the Debtor's checks for fund transfer requests with respect to such amounts.

IV. LEGAL AUTHORITIES IN SUPPORT OF THE RELIEF SOUGHT

13. Sections 507(a)(4) and (5) of the Bankruptcy Code provide priority status for prepetition claims for wages, salaries, commissions, severance pay, vacation pay, sick leave pay, and contributions to employee benefit plans in an amount not to exceed \$15,150.00 per employee. For a plan of reorganization to be confirmed, Section 1129 requires payment of priority claims under 11 U.S.C. §507(a)(4) and (5). Because the Employee Claims would be entitled to priority status under 11 U.S.C. §507(a)(4) and (5) and because such Employee Claims must be paid to confirm a plan of reorganization, Debtor's payment of such claims as requested herein should neither prejudice general unsecured creditors nor materially affect the Debtor's estate.

14. Section 105(a) of the Bankruptcy Code provides:

The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title. No provision of this title providing for the raising of an issue by a party in interest shall be construed to preclude the court from, sua sponte, taking any action or making any determination necessary or appropriate to enforce or implement court orders or rules, or to prevent an abuse of process. 11 U.S.C. § 105(a).

15. Section 363(c) of the Bankruptcy Code provides:

If the business of the debtor is authorized to be operated under section 721, 1108, 1203, 1204, or 1304 of this title and unless the court orders otherwise, the trustee may enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing, and may use property of the estate in the ordinary course of business without notice or a hearing. 11 U.S.C. § 363(c).

16. Additionally, the “necessity of payment” doctrine recognizes the existence of the judicial power to authorize a debtor in a reorganization case to pay pre-petition claims where such payment is essential the continued operation of the debtor. *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989). This doctrine is consistent with the paramount goal of chapter 11 of “facilitating the continued operation and rehabilitation of the debtor.” *Id.* at 176.

17. In the instant case, the continued operation of the Debtor’s business and its successful reorganization depends upon retention of the services of its employees. It is critical that the Debtor be authorized to continue regular payment of its employees. If the employees are not timely paid, the Debtor’s employees will suffer extreme personal hardship and will likely terminate their relationship with the Debtor. This would force the Debtor to seek new employees to perform its operations and services.

18. Further, the authority to pay Pre-petition wages in accordance with the Debtor’s pre-petition business practices is in the best interest of the Debtor, the Debtor’s estate, and creditors, and will enable the Debtor to continue to operate its business in an economic, efficient manner without disruption. Because Debtor’s employees are central to Debtor’s operations and

vital to its reorganization, the loss of personnel at this critical time would have a serious impact on the value of the Debtor's business and its ability to reorganize under Chapter 11.

PRAYER

WHEREFORE, PREMISES CONSIDERED, the Debtor respectfully requests entry of an order granting relief requested herein, and such other and further relief as is just and proper.

Respectfully submitted,

THE LANE LAW FIRM, PLLC

/s/Robert C. Lane

Robert C. Lane

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PROPOSED COUNSEL FOR DEBTOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Debtor's Emergency Motion for Entry of an Order Authorizing Payment of Pre-Petition Wages was served upon the US Trustee and to the parties listed on the service list below and the attached mailing matrix either via electronic notice by the court's ECF noticing system or by United States first class mail, postage prepaid, on February 28, 2024:

Debtor:

JL Texas Pallets & Logistics LLC
PO BOX 680688
Houston, Texas 77268-0688

US Trustee:

Office of The United States Trustee
515 Rusk Street, Suite 3516
Houston, TX 77002

Notice will be electronically mailed to:

US Trustee
USTPRegion07.HU.ECF@USDOJ.GOV

/s/Robert C. Lane
Robert C. Lane

Label Matrix for local noticing
0541-4
Case 24-30802
Southern District of Texas
Houston
Wed Feb 28 11:17:54 CST 2024

48Forty Solutions
11740 Katy Freeway Suite 1200
Houston, TX 77079-1272

Ally Bank
PO Box 380902
Minneapolis, MN 55438-0902

(p)ASCENTIUM CAPITAL
Attn: Dominic Diloreto
239070 US 59 North
Kingwood, TX 77339

Birmingham International Forest Products
300 Riverhills Business Park Suite 320
Birmingham, AL 35242-5037

Business Capital LLC
5201 Ravenswood Rd Suite 103
Fort Lauderdale, FL 33312-6004

CP-632 Northew LLC
Po Box 800239
Dallas, TX 75380-0239

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Jackson, MS 39216-4820

First Citizens Bank & Trust
155 Commerce Way
Portsmouth, NH 03801-3243

JL Texas Pallets & Logistics LLC
6838 Bourgeois Road
Houston, TX 77066-3107

JL Texas Pallets & Logistics LLC
1717 W 34th Street Suite 600-505
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AWN&R Commercial Law Group, PLLC
Attn: Jeffrey Parrella, Esq.
14 Wall Street 20th Floor
New York, NY 10005-2123

Ally Bank
c/o AIS Portfolio Services LLC
4515 N Santa Fe Ave Dept APS
Oklahoma City, OK 73118-7901

Ascentium Capital
aka Regions Bank
23970 US-59
Kingwood, TX 77339

BlueVine Capital Inc.
401 Warren St 300
Redwood City, CA 94063-1536

Business Capital LLC
88 Pine Street, 26th Floor
New York, NY 10005-1860

Celtic Bank Corporation
268 South State Street 300
Salt Lake City, UT 84111-5314

East Montgomery County Economic Development
21575 US Hwy 59 N 200
Splendora, TX 77372

First Citizens Bank & Trust Co
PO Box 856502
Minneapolis, MN 55485-6502

Jerry S. Marshall
22715 Cosburn Lane
Tomball, TX 77375-1178

4
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Houston, TX 77208-1010

All Star Forest Productions, Inc.
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Stafford, TX 77477-5024

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Little Rock, AR 72201-3483

Brennan Investment Group
10275 W. Higgins Road Suite 810
Des Plaines, IL 60018-5601

CIT Bank Direct Capital
155 Commerce Way
Portsmouth, NH 03801-3243

(p)CLICKLEASE LLC
1182 W 2400 S
WEST VALLEY CITY UT 84119-8510

FPIP TX1, L.P.
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Houston, TX 77055-6737

Industrial Capital Group, LLC
214 Elm St. 103
Washington, MO 63090-2340

Legacy Wood Products, LLC
1050 Girdley Street
West Plains, MO 65775-5247

Lina Marshall
22715 Cosburn Lane
Tomball, TX 77375-1178

Lodge Lumber Company
5001 Oates Road
Houston, TX 77013-2817

Millstone Funding, Inc.
PO Box 43575
Cincinnati, OH 45243-0575

OnDeck Capital
4700 W. Daybreak Pwy Suite 200
South Jordan, UT 84009-5133

PNC Equipment Finance Lease
655 Business Center Drive
Horsham, PA 19044-3409

Sapphire Lumber Company
548 Tammany Lane
Hamilton, MT 59840-9235

Southern Carlson
7425 Pinemont Drive Suite 300
Houston, TX 77040-6437

T J Forest Inc
104 3rd Street S
Nampa, ID 83651-3715

Targeted Lease Capital
5500 Main Street Suite 300
Buffalo, NY 14221-6753

The Lane Law Firm
6200 Savoy Dr Ste 1150
Houston, TX 77036-3369

Toyota Financial Services
Attn Bankruptcy Dept
PO Box 8026
Cedar Rapids, IA 52408-8026

UFP Western Division
2801 East Beltline NE
Grand Rapids, MI 49525-9680

US Trustee
Office of the US Trustee
515 Rusk Ave
Ste 3516
Houston, TX 77002-2604

W.W. Grainger Inc
401 South Wright Rd W4W.R47
Janesville, WI 53546-8729

Zwicker & Associates, PC
851 S Rampart Blvd Ste 150
Las Vegas, NV 89145-4884

Robert C Lane
The Lane Law Firm
6200 Savoy Dr Ste 1150
Houston, TX 77036-3369

The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

Ascentium Capital
23970 Highway 59 North
Kingwood, TX 77339

Clicklease LLC
1182W W 2400 S
West Valley City, UT 84119

End of Label Matrix	
Mailable recipients	45
Bypassed recipients	0
Total	45